



ASSISTANT SECRETARY OF STATE
WASHINGTON, D.C. 20520

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MEMORANDUM

TO : Policy Review Committee
FROM : H - Douglas J. Bennet, Jr. *DB*
SUBJECT: Legislative Outlook

A detailed, integrated legislative plan can be prepared after the other subcommittees have submitted their final papers. Those papers are expected to include a statement of legislative requirements geared to proposed policy options.

Nevertheless, it appears that our legislative concerns can be broken down as follows:

1. Confirmation of an ambassador to the PRC.
This must be completed by March 1. It is a desirable opening issue because we can almost certainly win in the Senate and because nominations are not subject to amendment. The nominee will have to address the questions of post-normalization relations with Taiwan and Peking during his confirmation hearings. We will be forced to signal at that time, if not sooner, how we mean to handle MFN for the PRC.
2. Post-normalization relations with Taiwan.
The State Department is now preparing omnibus legislation which would (1) put the Presidential memorandum in legislative form and (2) authorize staffing of the nonofficial corporation. Our present belief is that this legislation will be sufficiently comprehensive to ensure that more or less normal relations with Taiwan can continue. Our opponents will undoubtedly try to use the bill as a vehicle for reaffirming US commitments to Taiwan's security and/or maintaining some degree of official relationship with the Taiwan government.

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The omnibus legislation affects many jurisdictions in both House and Senate. Preliminary conversations with leadership staff suggest that leadership in both houses will try to confine action to the Foreign Relations Committees, but there is no guarantee that other committees will not succeed in claiming jurisdiction. If there are no jurisdictional battles, we may be able to complete the legislation by the end of March; if jurisdictional fights break out, timing is unpredictable.

3. Post-normalization trade with Peking.

This group of issues is potentially the most difficult from a political point of view because any concessions voted for the PRC must be batched for diplomatic reasons with comparable concessions to the USSR. US balance-of-payments realities plus the fact that Soviet emigration has dramatically increased may make it possible to eliminate or amend Jackson-Vanik; on the other hand, a SALT agreement and trade concessions may be more than Congress is willing to give the Soviet Union at one time.

The Jackson-Vanik options are spelled out in Mr. Katz's paper on trade and credit issues. Once those options have been thoroughly explored, we can begin to consider a Congressional strategy and timetable on this issue.

An additional factor affecting China trade will be Congressional reaction to the results of the textile negotiations which will start this month.

Congressional involvement in the claims and assets issue will depend on two factors: (1) how much legislation, if any, is required; and (2) achieving terms which are acceptable to Russell Long and others interested in claims/assets settlements generally. As soon as we can determine legislative needs and lay out the broad outlines of a settlement package Long and others should be consulted.

Should the omnibus and PRC legislation be presented as one bill? We can only answer this question after the components have been fully evaluated. My strong impression is that an omnibus bill covering both Taiwan and the PRC would mix apples and oranges in terms of committees of jurisdiction and increase the likelihood of extensive delay on the Taiwan component. Similarly, the chances of

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attracting support for one component by reason of including the other is extremely small. In addition, the politics of coping with the Jackson-Vanik question will be extremely complicated without bringing opposition efforts to bolster Taiwan into the equation.